

# NEWS

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United States Department of Justice  
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***Paul J. Fishman, U.S. Attorney***

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Former Bergen County Political Party Chairman Convicted of  
Scheme to Defraud Bergenfield Through Grants Consulting Firm

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(More)

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NEWARK – A federal jury today convicted former Bergen County Democratic Organization chairman Joseph Ferriero of conspiracy and mail fraud in connection with a scheme to defraud Bergenfield of the honest services of its then-borough attorney Dennis Oury, U.S. Attorney Paul J. Fishman announced.

The jury found Ferriero guilty of one count of conspiracy and two counts of mail fraud related to his scheme with Oury to create a grants consulting firm, Governmental Grants Consulting (GGC), which they used to solicit a municipal contract with the borough while hiding Oury's involvement and financial interests in the company. The jury acquitted Ferriero of five mail fraud counts.

Each count carries a maximum statutory penalty of 20 years in federal prison and a fine of \$250,000. Judge Stanley R. Chesler, who presided over the trial, scheduled sentencing for Feb. 10.

Testimony in the trial of Ferriero began on Oct. 1. The jury started its deliberations Tuesday morning and returned its verdicts today at approximately 3:15 p.m. Two days before both Oury and Ferriero were to go on trial together, Oury pleaded guilty to the conspiracy count and to one count of failing to file a federal tax return. Oury subsequently testified in support of the government's case.

"This case is a glaring example of someone who used his power and influence to corrupt a public official, and we are gratified that the jury saw it that way," said Fishman. "This office will continue its tradition of aggressively investigating and prosecuting those who think that they can enrich themselves and their friends at the public's expense."

"The verdict puts an end to an era of abusive power and politics by Mr. Ferriero," said FBI Special Agent in Charge Weysan Dun. "From this verdict, we learn again that the citizens of New Jersey must play an active role in their government and question their leaders. They must inquire who stands to profit from the deals and decisions off their leaders. If the answers to those questions don't add up or are unsatisfactory, then citizens must not be afraid to enlist the help of the FBI."

The charges at trial related to the creation of GGC by Ferriero and Oury and their efforts to conceal their interests while profiting from Bergen County municipalities – Bergenfield specifically – where Ferriero was to use his influence as a dominant political party chairman to secure local government contracts.

On Jan. 1, 2002, at the Bergenfield municipal government annual reorganization meeting, Oury was appointed to serve as the Borough's municipal attorney. At the same meeting, despite the fact that GGC was still in the planning stages and had yet to be formally organized as a company, Bergenfield retained GGC to serve as its grants consultant and agreed to pay it a \$6,000 retainer fee plus an additional fee calculated as a percentage of any grants or loans received.

Neither Oury nor Ferriero, however, disclosed at that time or any time subsequently their ownership interest in GGC. Oury went on to exercise his official power as borough attorney to further a grant-aided real estate purchase between Bergenfield and a private estate – all as Oury and Ferriero stood to gain personally from GGC and Bergenfield. Simultaneously, Oury billed Bergenfield for his work as Borough Attorney on the real estate acquisition.

Trial testimony – including from Oury on behalf of the government – revealed that he and Ferriero took steps to conceal their roles in GGC and prevent Oury's undisclosed conflict of interest from coming to light. For example, despite the fact that Ferriero was the moving force behind GGC and was its largest shareholder, Ferriero drafted a shareholder agreement assigning positions of president and secretary to others with only minimal involvement with GGC.

In 2002, GGC applied on Bergenfield's behalf for \$1.4 million in funding from a Bergen County open space trust fund and New Jersey's Green Acres grant program to acquire a private estate and preserve it as a historic site.

Subsequently, Ferriero sent a copy of the grant application with a cover letter on his law firm's letterhead to the Commissioner of the New Jersey Department of Environmental Protection, which administers the Green Acres Program. In his letter – while never revealing his connection to GGC or his financial interest in getting grants for Bergenfield – Ferriero stated that it was “extremely important to (him) personally that this application receive favorable review by the Department.”

By late 2002, Bergen County awarded Bergenfield \$800,000 in grant money for the estate acquisition, and in November 2003 the state Green Acres program awarded Bergenfield a \$600,000 grant and loan package (ultimately, Bergenfield did not receive the full \$600,000). Consequently, based on the successful grant applications, the Borough of Bergenfield issued a check for \$128,625 to GGC, representing its “Consulting Grant Fulfillment Fees.” Oury thereafter received a check in the amount of \$25,016.97, and Ferriero a check for \$27,538.04, with the rest disbursed to other individuals associated with GGC. All of the checks were signed by Ferriero.

The case was prosecuted by Assistant U.S. Attorneys and Thomas Calcagni, Joshua Drew and Rachael Honig. The case was investigated by Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun, and by Investigator Thomas Mahoney of the U.S. Attorney's Office. The FBI Special Agents also provided trial support.

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Defense Counsel: Joseph Hayden, Esq., James Plaisted, Esq., Roseland